

104TH CONGRESS
1ST SESSION

S. 1487

To establish a demonstration project to provide that the Department of Defense may receive medicare reimbursement for health care services provided to certain medicare-eligible covered military beneficiaries.

IN THE SENATE OF THE UNITED STATES

DECEMBER 20, 1995

Mr. MCCAIN for Mr. GRAMM (for himself, Mr. INOUE, Mr. MCCAIN, Mrs. HUTCHISON, and Mr. INHOFE) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To establish a demonstration project to provide that the Department of Defense may receive medicare reimbursement for health care services provided to certain medicare-eligible covered military beneficiaries.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Uniformed Services
5 Medicare Subvention Demonstration Project Act”.

6 **SEC. 2. DEFINITIONS.**

7 For purposes of this Act:

1 (1) MEDICARE-ELIGIBLE COVERED MILITARY
2 BENEFICIARY.—The term “medicare-eligible covered
3 military beneficiary” means a beneficiary under
4 chapter 55 of title 10, United States Code, including
5 a beneficiary under section 1074(a) of such title,
6 who is entitled to benefits under part A of title
7 XVIII of the Social Security Act (42 U.S.C. 1395 et
8 seq.).

9 (2) TRICARE PROGRAM.—The term
10 “TRICARE program” means the managed health
11 care program that is established by the Secretary of
12 Defense under the authority of chapter 55 of title
13 10, United States Code, principally section 1097 of
14 such title, and includes the competitive selection of
15 contractors to financially underwrite the delivery of
16 health care services under the Civilian Health and
17 Medical Program of the Uniformed Services.

18 (3) MILITARY TREATMENT FACILITY.—The
19 term “military treatment facility” means a facility
20 referred to in section 1074(a) of title 10, United
21 States Code.

22 **SEC. 3. ESTABLISHMENT.**

23 (a) IN GENERAL.—Not later than 180 days after the
24 date of the enactment of this Act, the Secretary of Defense
25 and the Secretary of Health and Human Services shall

1 jointly establish a demonstration project to provide the
2 Department of Defense with reimbursement, in accord-
3 ance with section 4, from the medicare program under
4 title XVIII of the Social Security Act (42 U.S.C. 1395
5 et seq.) for health services provided to certain medicare-
6 eligible covered military beneficiaries.

7 (b) GEOGRAPHIC REGIONS.—The demonstration
8 project established under this section shall be conducted
9 in one or more geographic regions in which the TRICARE
10 program has been implemented.

11 (c) DURATION.—The demonstration project estab-
12 lished under this section shall be conducted for a period
13 not to exceed 2 years.

14 (d) REPORTING.—

15 (1) IN GENERAL.—

16 (A) FIRST ANNUAL REPORT.—Not later
17 than 15 months after the demonstration project
18 under this section has been established, the
19 Secretary of Defense and the Secretary of
20 Health and Human Services shall jointly submit
21 to Congress a report including the information
22 described in paragraph (2).

23 (B) FINAL REPORT.—Not later than 90
24 days after the termination of the demonstration
25 project, the Secretary shall jointly submit to

1 Congress a final report including the informa-
2 tion described in paragraph (2).

3 (2) INFORMATION DESCRIBED.—The informa-
4 tion described in this paragraph includes the follow-
5 ing:

6 (A) The number of medicare-eligible cov-
7 ered military beneficiaries opting to participate
8 in the demonstration project established under
9 this section instead of receiving health benefits
10 through another health insurance plan (includ-
11 ing through the medicare program).

12 (B) Whether, and in what manner, easier
13 access to the military treatment system affects
14 the number of medicare-eligible covered military
15 beneficiaries receiving health benefits under the
16 medicare program.

17 (C) A list of the health insurance plans
18 and programs that were the primary payers for
19 medicare-eligible covered military beneficiaries
20 during the year prior to such beneficiary's par-
21 ticipation in the demonstration project and the
22 distribution of enrollment of such beneficiaries
23 in such plans and programs.

24 (D) The total number of medicare-eligible
25 covered military beneficiaries who participated

1 in the project during the preceding year and the
2 number of such beneficiaries who were entitled
3 to benefits under part A of title XVIII of the
4 Social Security Act (42 U.S.C. 1395 et seq.)
5 and were not enrolled under part B of such
6 title.

7 (E) An identification of cost-shifting (if
8 any) among medical care programs as a result
9 of the demonstration project and a description
10 of the nature of any such cost-shifting.

11 (F) An analysis of how the demonstration
12 project affects the overall accessibility of the
13 military treatment system and the amount of
14 space available for point-of-service care and a
15 description of the unintended effects (if any)
16 upon the normal treatment priority system.

17 (G) A description of the difficulties (if any)
18 experienced by the Department of Defense in
19 managing the demonstration project.

20 (H) A description of the effects of the
21 demonstration project on military treatment fa-
22 cility readiness and training and the probable
23 effects of the project on overall Department of
24 Defense medical readiness and training.

1 (I) A description of the effects that the
2 demonstration project, if permanent, would be
3 expected to have on the overall budget of the
4 military health care system and the budgets of
5 individual military treatment facilities.

6 (J) Whether the demonstration project af-
7 fects the cost to the Department of Defense of
8 prescription drugs or the accessibility, availabil-
9 ity, and cost of such drugs to program bene-
10 ficiaries.

11 **SEC. 4. REIMBURSEMENT AMOUNTS.**

12 (a) PAYMENT TO DEPARTMENT OF DEFENSE.—The
13 Secretary of Health and Human Services shall make
14 monthly payments to the Department of Defense from the
15 Federal Hospital Insurance Trust Fund and the Federal
16 Supplementary Medical Insurance Trust Fund (allocated
17 between each Trust Fund in an amount to be determined
18 by the Secretary of Health and Human Services based on
19 the relative weight that benefits from each Trust Fund
20 contribute to the amounts determined under this sub-
21 section) in an amount equal to the sum of—

22 (1) the payments determined under subsection
23 (b) with respect to medicare-eligible covered military
24 beneficiaries who are enrolled in the TRICARE pro-
25 gram; and

1 (2) the payments determined under subsection
 2 (c) with respect to such beneficiaries who are not en-
 3 rolled in the TRICARE program.

4 (b) TRICARE PAYMENTS.—

5 (1) IN GENERAL.—The amount of payment de-
 6 termined under this subsection is an amount equal
 7 to $\frac{1}{12}$ of the amount determined under paragraph
 8 (2) for each medicare-eligible covered military bene-
 9 ficiary enrolled during the year in the TRICARE
 10 program in a geographic region in which the dem-
 11 onstration project is in operation, but only if such
 12 beneficiary's enrollment is in excess of the minimum
 13 enrollment number determined under subsection
 14 (d)(1)(A) for such geographic region.

15 (2) AMOUNT DETERMINED.—The amount de-
 16 termined under this paragraph is an amount equal
 17 to—

18 (A) in the case of an individual entitled to
 19 benefits under part A and enrolled under part
 20 B of title XVIII of the Social Security Act, 93
 21 percent of the average adjusted per capita cost
 22 determined under section 1876(a)(4) of the So-
 23 cial Security Act (42 U.S.C. 1395mm(a)(4)) for
 24 such year; or

1 (B) in the case of an individual entitled to
2 benefits under part A and not enrolled under
3 part B of such title, an amount equal to the
4 amount determined under subparagraph (A) at-
5 tributable to services covered by and expenses
6 otherwise reimbursable under part A of such
7 title only.

8 (c) TREATMENT AT A MILITARY TREATMENT FACIL-
9 ITY.—The amount of payment determined under this sub-
10 section is an amount equal to the sum of the Secretary's
11 estimates of the amounts determined for each health serv-
12 ice (using a DRG equivalent and fee schedule equivalent
13 scale developed by the Secretary of Health and Human
14 Services) provided during the month for which the pay-
15 ment is made under subsection (a) to each medicare-eli-
16 ble covered military beneficiary (other than a beneficiary
17 who is enrolled in the TRICARE program) in a military
18 treatment facility located in a geographic region in which
19 the demonstration project is in operation, but only if such
20 level is in excess of $\frac{1}{12}$ of the minimum level of health
21 services described under subsection (d)(1)(B) for such ge-
22 ographic region.

23 (d) ESTABLISHMENT OF BASE LEVEL OF COV-
24 ERAGE.—

1 (1) IN GENERAL.—Prior to the establishment of
2 the demonstration project under this Act and subject
3 to paragraph (2), the Secretary of Defense and the
4 Secretary of Health and Human Services shall joint-
5 ly estimate, based on the best available data—

6 (A) a minimum enrollment number of med-
7 icare-eligible covered military beneficiaries who
8 are required to enroll in the TRICARE pro-
9 gram during a year in each geographic region
10 in which the demonstration project is in oper-
11 ation before the Department of Defense may re-
12 ceive payment under subsection (a)(1); and

13 (B) a minimum level of health services
14 (using a DRG equivalent and fee schedule
15 equivalent scale developed by the Secretary of
16 Health and Human Services) provided to medi-
17 care-eligible covered military beneficiaries (other
18 than beneficiaries enrolled in the TRICARE
19 program) during a year through a military
20 treatment facility in each geographic region in
21 which the demonstration project is in operation
22 before the Department of Defense may receive
23 payment under subsection (a)(2).

24 (2) DETERMINATION OF BASELINE COSTS.—

25 The Secretary of Defense and the Secretary of

1 Health and Human Services shall establish the mini-
2 mum enrollment number under paragraph (1)(A)
3 and the minimum level of health services under
4 paragraph (1)(B) such that the projected expendi-
5 tures by the Department of Defense for such num-
6 ber of medicare-eligible covered military beneficiaries
7 and such level of services provided to such bene-
8 ficiaries by the Department of Defense is equivalent
9 to the projected expenditures that would have been
10 made by the Department for such beneficiaries if the
11 demonstration project under this Act had not been
12 established.

13 (3) UPPER REIMBURSEMENT LIMITS.—The Sec-
14 retary of Defense and the Secretary of Health and
15 Human Services shall jointly establish a maximum
16 number of medicare-eligible covered military bene-
17 ficiaries and maximum level of health services for
18 which payment may be made by the Secretary of
19 Health and Human Services under subsection (a).

20 (e) TRICARE PROGRAM ENROLLMENT FEE WAIV-
21 ER.—The Secretary of Defense shall waive the enrollment
22 fee applicable to any individual enrolled in the TRICARE
23 program for whom reimbursement in the amount deter-
24 mined under subsection (b)(2)(A) is received under sub-
25 section (b)(1).

1 **SEC. 5. MEDICARE SUBVENTION FUND.**

2 (a) ESTABLISHMENT.—There is hereby established in
3 the Treasury of the United States a revolving fund known
4 as the Medicare Subvention Fund (hereafter in this sec-
5 tion referred to as the “Fund”).

6 (b) USE OF FUNDS.—The Fund shall be available to
7 the Secretary of Defense, as so provided in appropriations
8 Acts from funds otherwise appropriated to the Depart-
9 ment of Defense, and without fiscal year limitation—

10 (1) to make payments to the Secretary of
11 Health and Human Services for deposit into the
12 Federal Hospital Insurance Trust Fund and the
13 Federal Supplementary Medical Insurance Trust
14 Fund in order to reimburse such Funds for addi-
15 tional costs to such Trust Funds resulting from the
16 operation of the demonstration project established
17 under this Act;

18 (2) to provide for the participation of medicare-
19 eligible covered military beneficiaries in excess of the
20 maximum enrollment number and maximum level of
21 health services established under section 4(d)(1);

22 (3) to provide for payment of administrative ex-
23 penses associated with the demonstration project es-
24 tablished under this Act; and

25 (4) if amounts are available in the Fund after
26 expenditures are made under paragraphs (1)

1 through (3), for any other lawful purpose for which
2 the Secretary of Defense may expend funds.

3 (c) NO FUNDS AVAILABLE.—The Secretary of De-
4 fense may, if inadequate amounts are available in the
5 Fund, limit the enrollment of medicare-eligible covered
6 military beneficiaries in the demonstration project estab-
7 lished under this Act.

8 (d) AUTHORIZATION OF APPROPRIATIONS.—For
9 each of fiscal years 1997 and 1998, there are authorized
10 to be appropriated from funds otherwise appropriated to
11 the Department of Defense, for deposit in the Fund such
12 sums as may be necessary to carry out the purposes de-
13 scribed in paragraphs (1) through (3) of subsection (c).
14 Any amounts appropriated in accordance with this sub-
15 section shall not be taken into account in establishing ap-
16 propriations levels for the Department of Defense health
17 affairs budget.

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